## DEATH OF THE DES

## Venezuela Paper Shortage Shuts Down **National Newspapers**

By Susmita Baral | Sep 05 2013, 04:07PM EDT



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Venezuela is reportedly suffering from, yet another, shortage of printing paper that is threatening the nation's newspapers. ABC reports that at least five regional newspapers have stopped circulating over the course of the past month due to a shortage of printing paper. What's more, almost 25 more papers are standing on their last legs, reports national newspaper El Nacional, and editors are reaching out to rival publications to borrow paper. "We'll have everything for the Decemer holidays: presents, hallacas [a traditional Christmas food that resembles tamales], and whisky, but we won't have newspapers," said Rogelio Díaz, a spokesperson for Bloque de Prensa Regional de Venezuela, an association of independent regional newspapers.

How does a country find itself without paper? The South American nation is facing the current shortage of paper due to the its strict foreign exchange controls. For instance, the Venezuelan

government created an agency in 2003 called Cadivi that regulated the current exchange market to ensure that business and the wealthy don't convert their money into dollars. Cadivi began controlling the currency exchange market for both corporations and private individuals—the latter received a fixed price for dollars that resulted in a black market for dollars. Essentially, Cadivi determines which items are considered to be essentials and which items are non-essentials.

As of August 2012, printing paper lost its standing as an essential goods and became a non-essential. As such, publications need to now submit a request that proves that they cannot get the goods (in this case, paper) in <u>Venezuela</u> and must obtain it from another country. The request is then evaluated by the Ministry of Commerce, which determines if the request is valid and if so, how much is needed. Once a company receives a permit, it lasts six months and can be renewed 20 days before the expiration. One of Venezuela's largest paper importers had to wait three months for their license to be renewed. This experience is similar to 2007, when Venezuela found itself in a paper shortage due to Hugo Chávez's government.

Venezuela is no stranger to shortages, as earlier this year the nation had a shortage of a different type of paper: toilet paper. In light of the shortage, the government announced that it would be importing 50 million rolls to fix the shortage and 760 tons of additional paper. "State-controlled prices - prices that are set below market-clearing price - always result in shortages. The shortage problem will only get worse, as it did over the years in the Soviet Union," said Steve Hanke, professor of economics at Johns Hopkins University, to The Guardian. Venezuela Toilet Paper Shortage: Country Now Importing 50M Rolls; How Did They Run Out?

More recently, Venezuela suffered from a power shortage with 75 percent of the country lacking power, including the capital Caracas. While power outages are not uncommon in the country, a power cut of this caliber is not the norm. President Nicolas Maduro is claiming that the outage is due to a conspiracy by the opposition. "Everything seems to indicate that the extreme right has resumed its plan for an electrical strike against the country," he writes in a tweet, adding in a live address on state television that the cuts are a "part of a low-level war" by "twisted and desperate minds." Venezuela Blackout Leaves 70% Of Country Without Power; What Caused The Outage?

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